

The Visa Waiver Pilot Program



Welcoming Korea . . .

The Current Pilot Program

- **Federal program allows visitors from 24 countries visa free entry for up to 90 days.**
- **Not a permanent program, it must be re-authorized every two years. Set to expire this fall.**
- **Extension language has been added to S. 1394 which has now passed the U.S. Senate.**
- **Making the VWPP permanent was one of the major recommendations of the WHCTT.**
- **Over 50% of all foreign travelers to the U.S. use this program.**

The Current Pilot Program

- **Mostly European countries; and**
- **Japan, New Zealand and Brunei.**
- **To qualify, must have refusal rates of less than 2 percent for the previous two years.**
- **Korea does not currently meet criteria for this program.**
- **Legislation introduced in Congress this year would provide for visa waivers for Koreans.**

Probationary Status Program

If

- **Non-immigrant refusal rate for previous 2-year period is less than 3.5 percent;**
- **Number of refusals of visas for nationals during previous year was less than 3 percent of all visas granted;**
- **Violation rate of less than 1.5 percent; and**
- **Country has to agree to have or be developing machine readable passports.**
- **Ireland is only country on the probationary status.**

Current Visa Situation in Korea

- **Issued more non-immigrant visas in 1995 than any consulate in the world.**
- **The U.S. is their first destination of choice.**
- **Over 400,000 applications last year.**
- **Average per work day is 1,500.**
- **Over 4,000 applicants per day during peak travel periods.**
- **Visas are good for 10 years.**

Current Visa Situation in Korea

- **Overall refusal rate is 6 percent.**
- **Students have a much higher refusal rate of which varies between 10% and 25% throughout the year.**
- **TARP - 25 and older can apply for visa through their travel agent.**
- **Participants of this program have a 1% refusal rate.**
- **Generally takes 5 days processing for TARP participants.**

Proposed Legislation

Senate Bill 1616

- **Sponsored by Senator Inouye. Five co-sponsors including Senator Akaka.**
- **3 year probationary program.**
- **Visa free entry for up to 15 days.**
- **Must be escorted by tour operator and be part of a tour group.**
- **Tour operator must post \$200,000 bond.**

Proposed Legislation

H.R. 2582

- **Sponsored by Representative Kim. Nine co-sponsors including Rep. Abercrombie and Mink.**
- **Adds Korea to current visa waiver program.**
- **One year pilot program.**
- **Evaluation of program after one year to determine if Korea should remain eligible for visa waiver status.**

Of Note

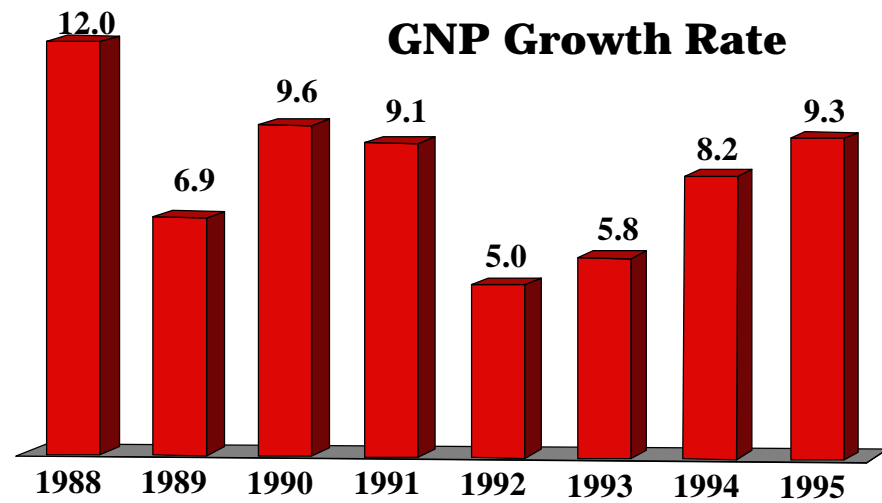
- **Korean immigration to US has decreased from 32,000 in 1987 to 11,000 in 1994.**
- **More Korean immigrants have returned to Korea than any other group of immigrants.**

How Big is the Korean Market?

- **46 million people in 1995.**
- **24th largest in the world.**
- **8 percent traveled overseas in 1995.**
- **Projected to reach 48 million by 2000.**
- **60% over the age of 25.**
- **Approximately 25% of households earned over \$30,000 per year (1993).**

World's 11th Largest Economy

- **Surging economic growth - among the world's fastest.**
- **1995 GNP: \$412 Bn.**
- **Unemployment rate was 2% in 1995.**



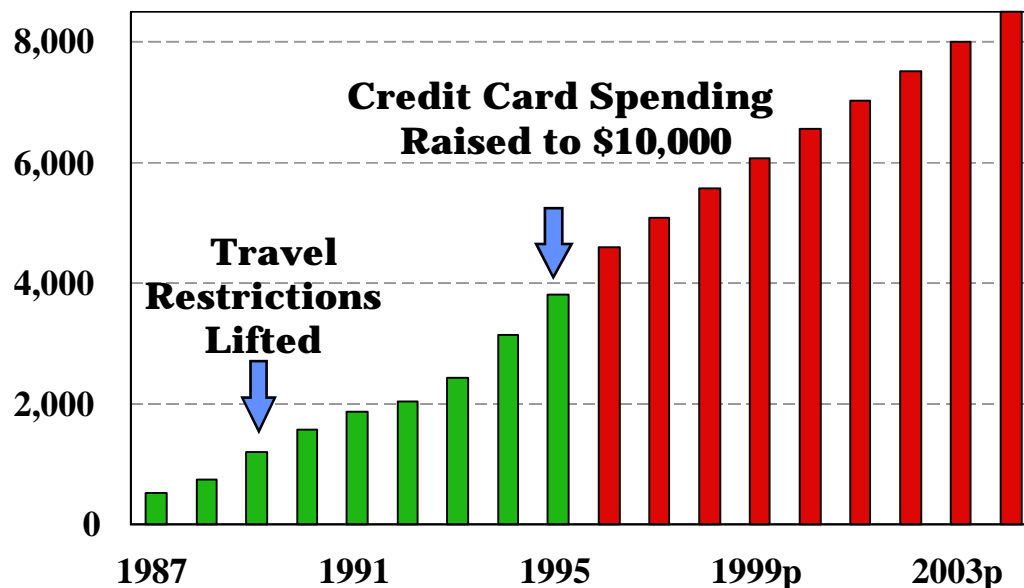
- **Expected to become the 28th member of OECD in late 1996.**
- **Projected to be the 7th largest economy by 2020 (\$4 trillion).**

Trade Relationship with US

- **Very strong - bilateral trade was \$54.5 Bn in 1995.**
- **5th largest US export market.**
- **Behind Canada, Mexico, Japan and United Kingdom.**
- **US exports more to Korea than 22 other countries in VWPP.**

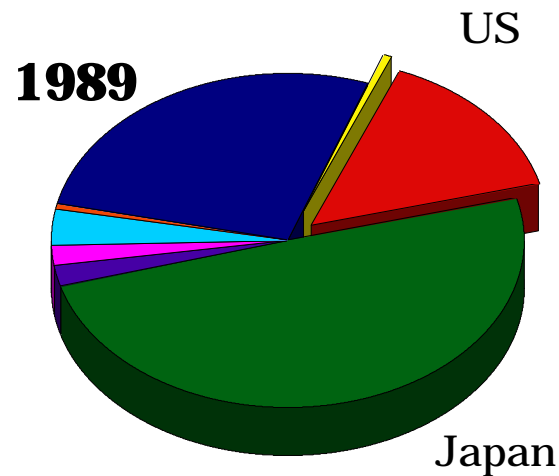
Economic Growth is Encouraging Overseas Travel

- **700+ percent growth in the last decade.**
- **Travel restrictions lifted in 1989.**
- **Ceiling on credit cardholders' overseas spending raised from \$5,000 to \$10,000 in Feb. 1995.**
- **Estimated to reach 4.6 Mn this year and more than double to 8.5 Mn by 2004.**

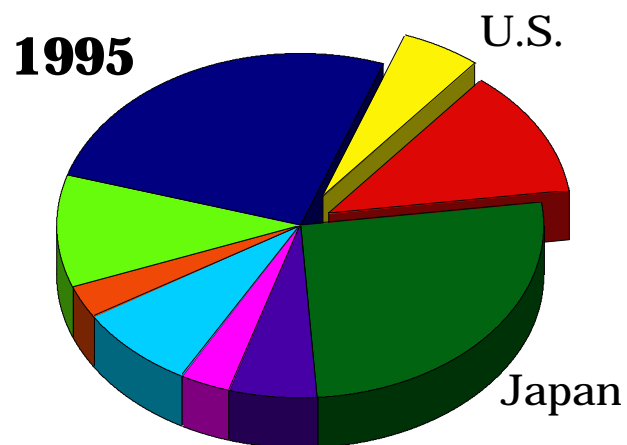


Source: Korea National Tourism Corporation

Outbound Travel By Country



- **US market share has remained stable.**
- **Increased travel to Guam has had a significant impact.**
- **Japan has lost market share.**

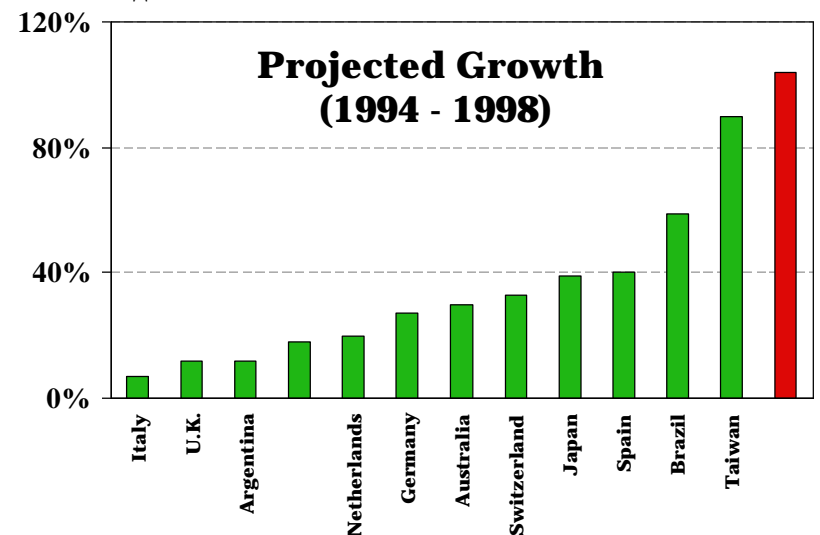
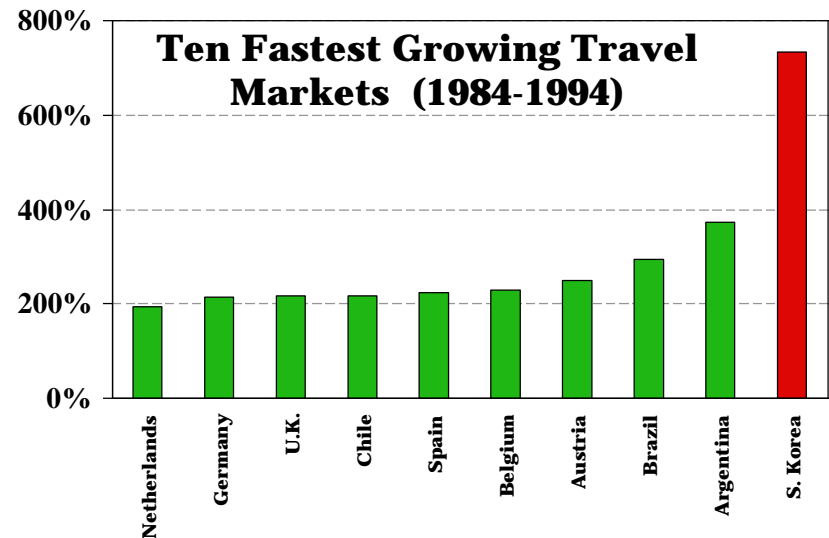


- **Travel to other Asia countries has increased dramatically, especially to Philippines, Singapore, Thailand, Australia, and China.**

Source: Korea National Tourism Organization

Strong Growth to U.S.

- **At 700% Korea had the highest growth rate of all countries for the 1984-1994 period.**
- **Almost double the next closest country.**
- **USTTA projections show Korea will have the fastest growth from 1994 to 1998 at over 100 percent.**



Rank of Top Overseas Travelers

1994		Arrivals (‘000’s)	1998		Arrivals (‘000’s)
1	Japan	4,065	1	Japan	5,665
2	United Kingdom	2,921	2	United Kingdom	3,260
3	Germany	1,705	3	Germany	2,164
4	France	863	4	Brazil	1,054
5	Brazil	661	5	Korea	1,030
6	Italy	551	6	France	1,017
7	Korea	504	7	Taiwan	723
8	Venezuela	424	8	Italy	587
9	Australia	411	9	Australia	532
10	Taiwan	379	10	Switzerland	487

Source: USTTA

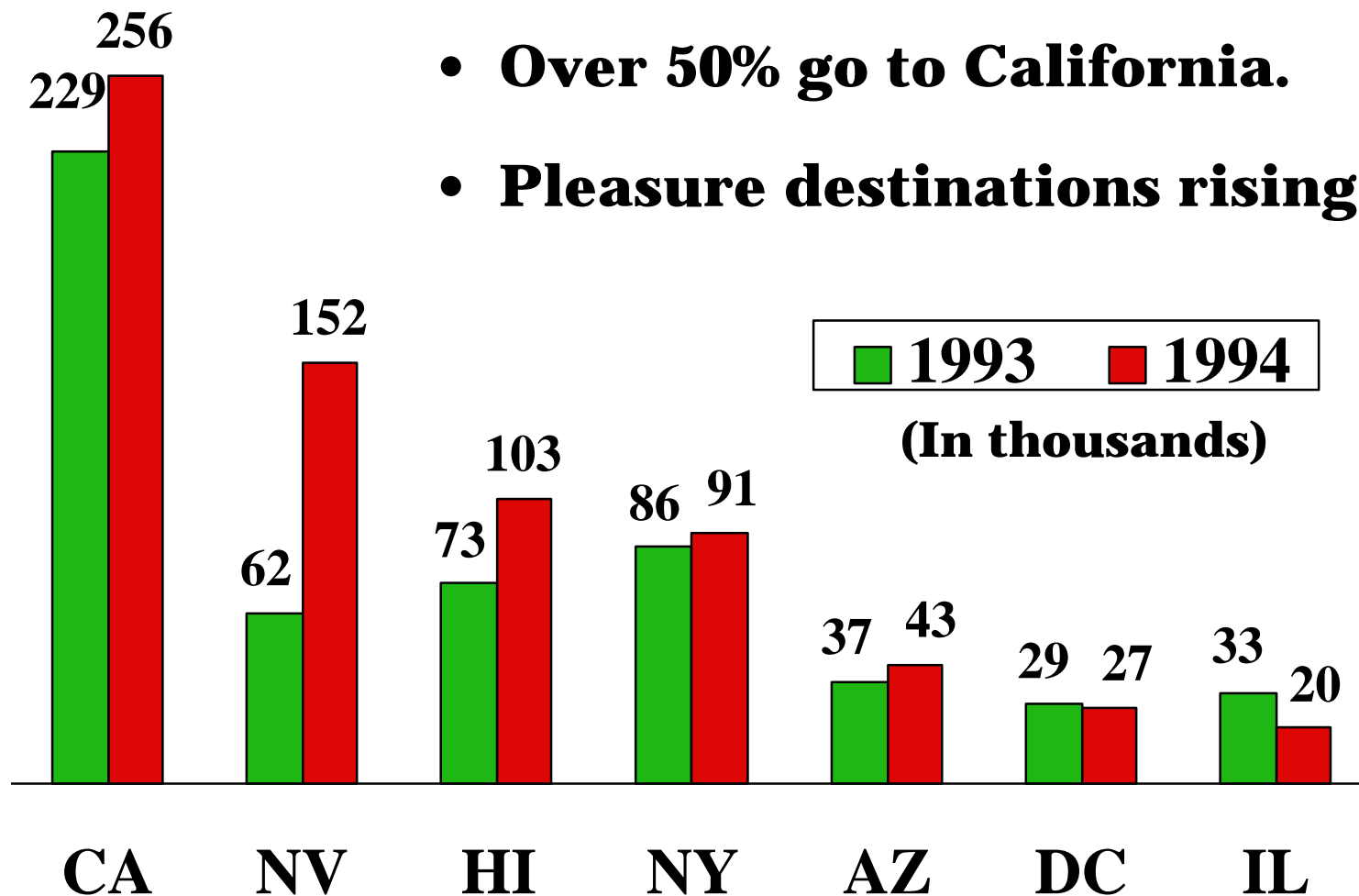
1994 Korean Visitor Profile to the U.S.

Mean Annual HH Income	\$59,800	Occupation	
Mean Expenditure in U.S.		Professional/Technical	32.7%
Per Visitor/Trip	\$2,014	Manager/Executive	32.3%
Per Visitor/Day	\$83	Student	10.1%
		Homemaker	8.8%
		Other	16.1%

Source: USTTA

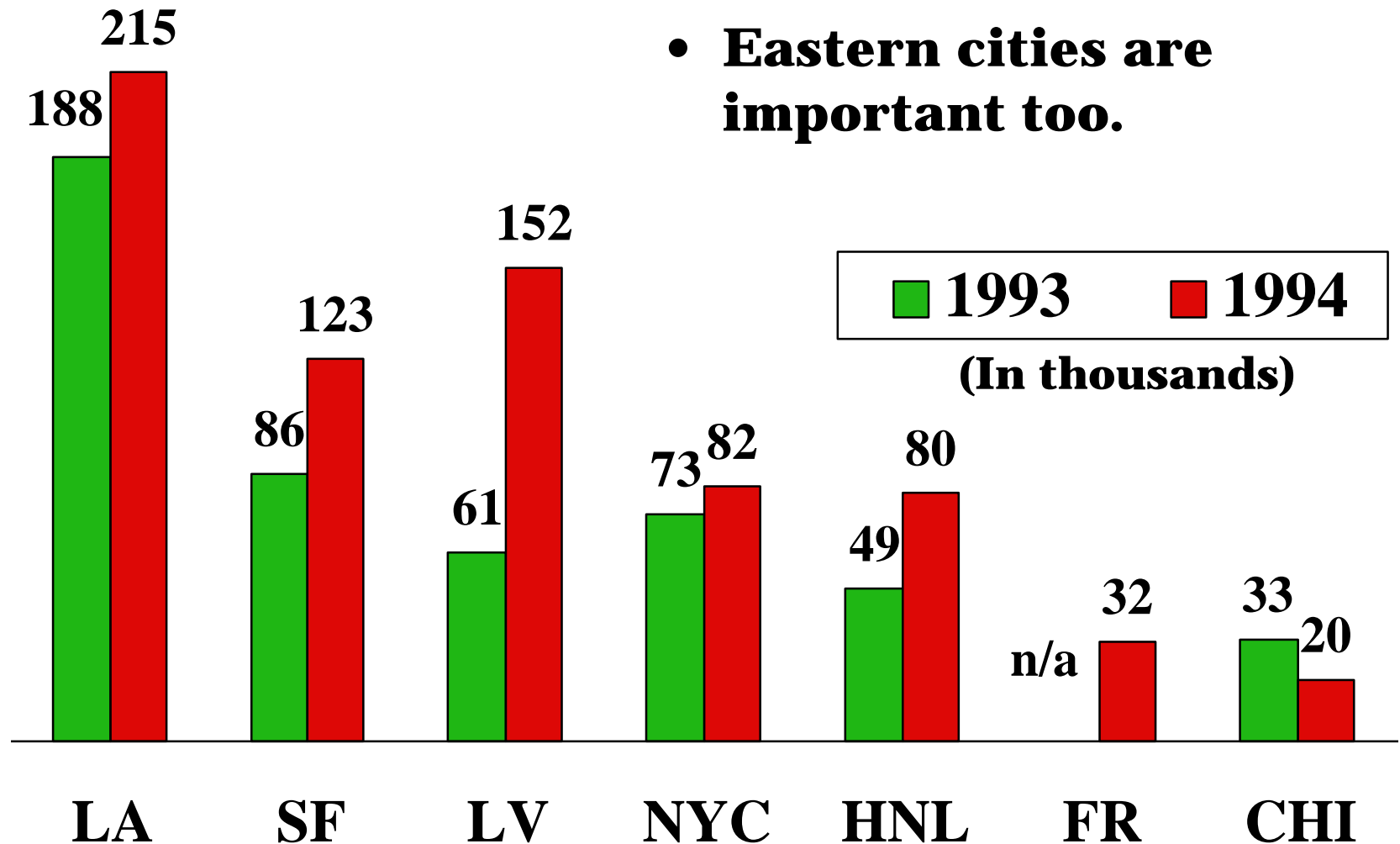
Top States Visited by Korean Travelers

- **Over 50% go to California.**
- **Pleasure destinations rising.**

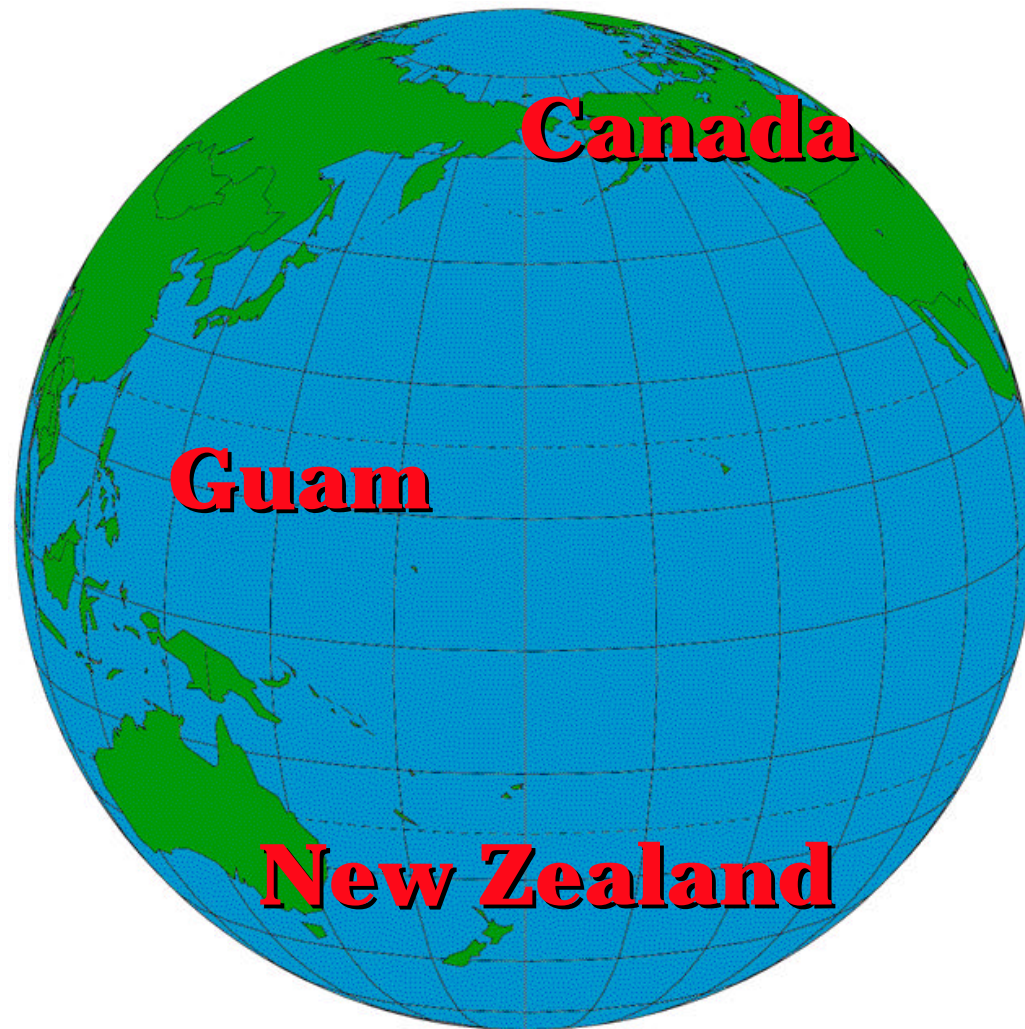


... and the Top Cities

- **Eastern cities are important too.**

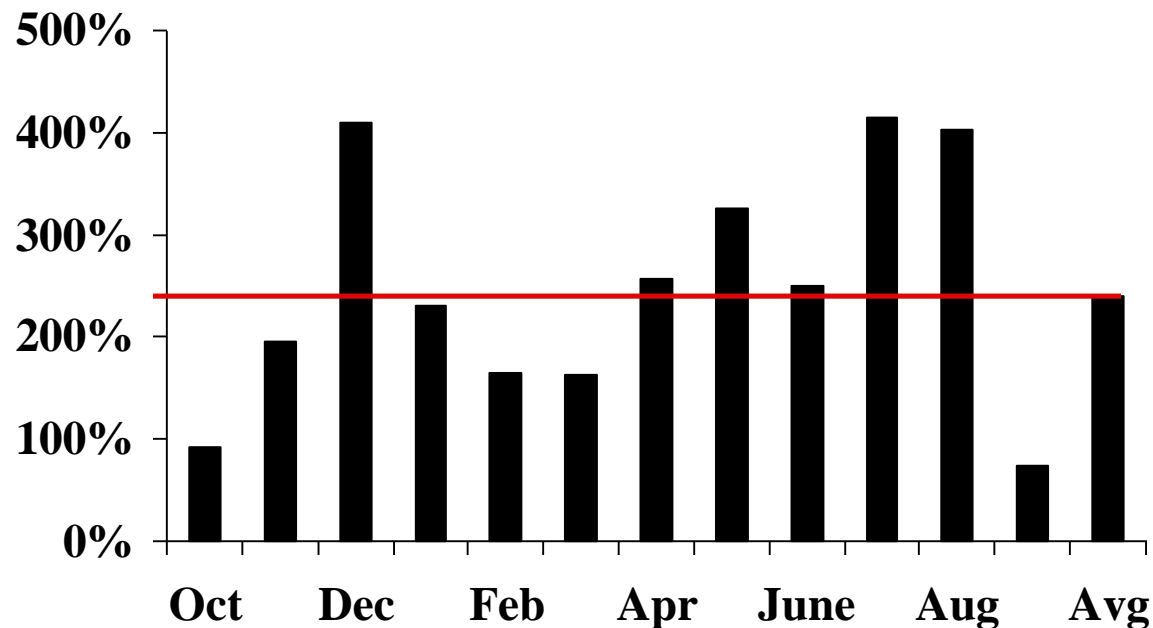


Potential Impact: Some case studies



Guam's First Year

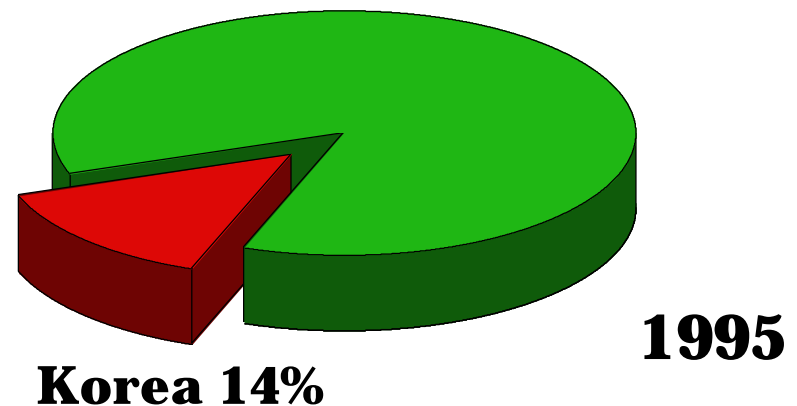
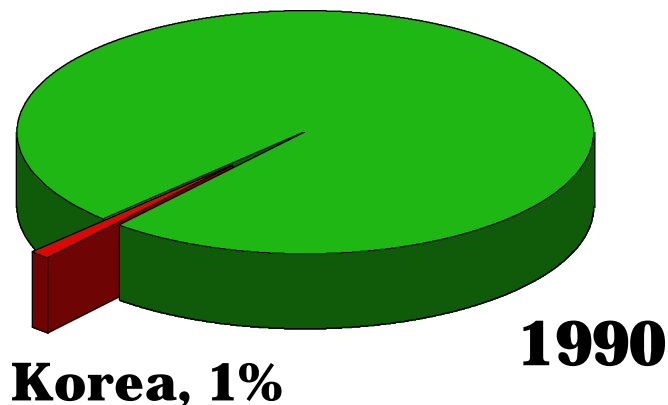
- **Requirement eliminated October 1, 1990.**
- **5,283 visitors in 12 months prior**
- **18,003 visitors in 12 months after.**
- **Increase of 241% for the first 12 months.**



Source:
Guam Visitors
Bureau

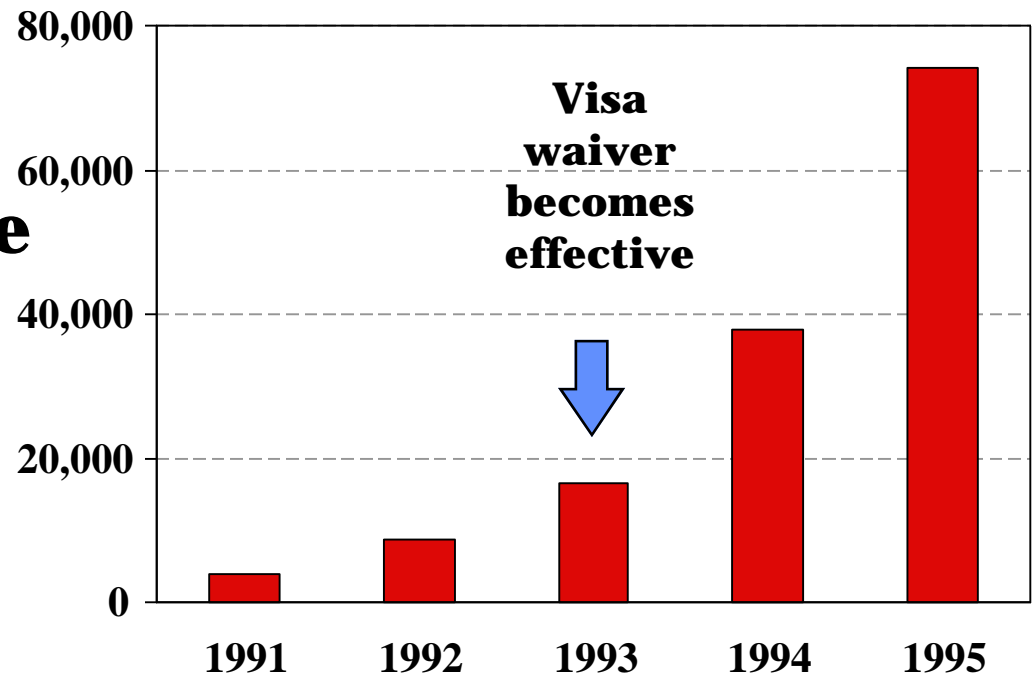
Five Years of Solid Growth

- **Continued strong growth rates.**
- **On an annual basis, arrivals increased from 7,600 in 1990 to 186,000 in 1995.**
- **This is an increase of 2,400 percent.**
- **Market share increased from 1% in 1990 to 14% in 1995.**



New Zealand's Experience

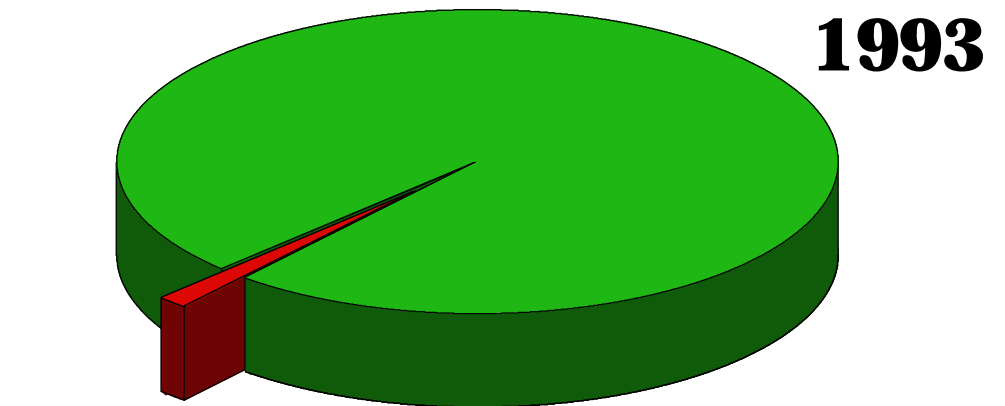
- **Effective in 1993.**
- **129% increase in the first year**
- **97% increase in the second year.**
- **Spend \$301(\$US) per day.**
- **Equaled Japan as a visitor source in Oct and Nov '95.**



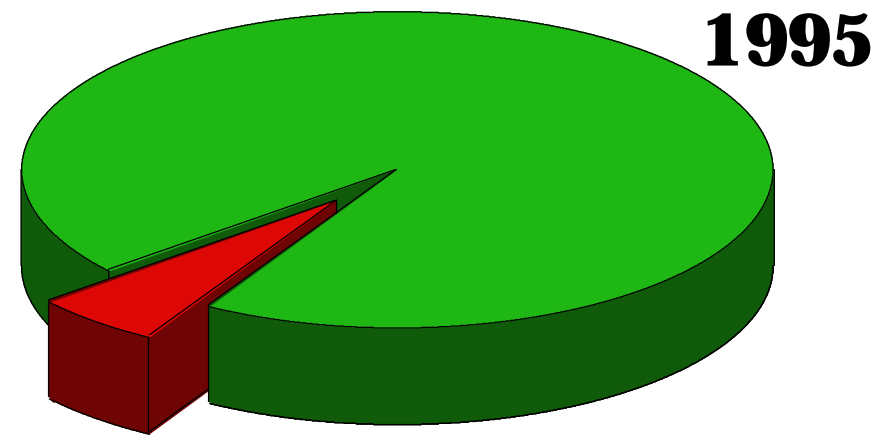
Source: New Zealand Tourism Board

Market Share on the Rise

- **From 1993 to 1995, market share of Korean travelers to New Zealand grew by 4%**



Korea 1.5%

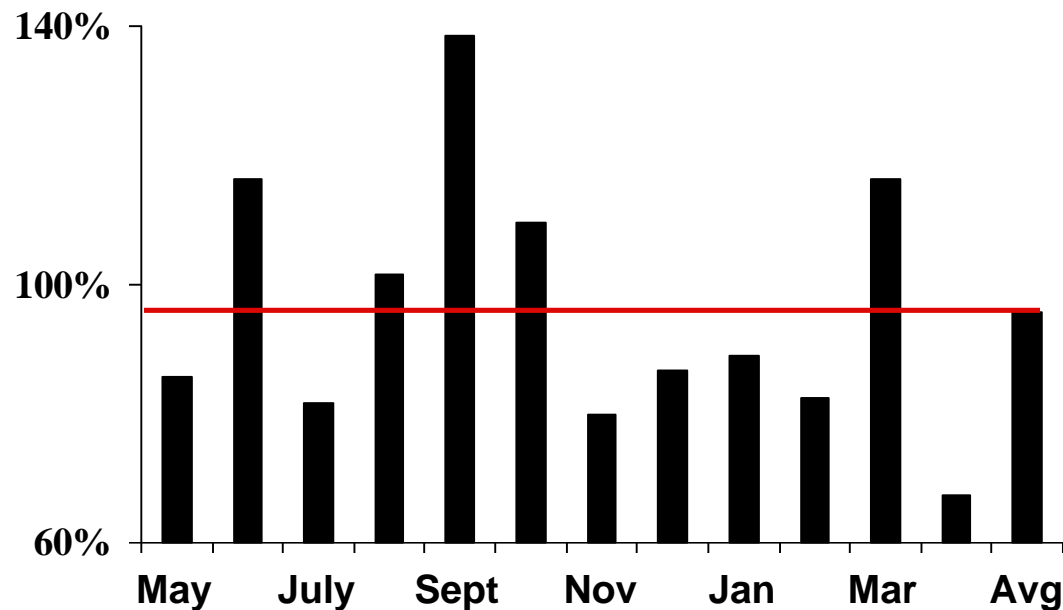


Korea 5.5%

Source: New Zealand Tourism Board

Canada's First 12 Months

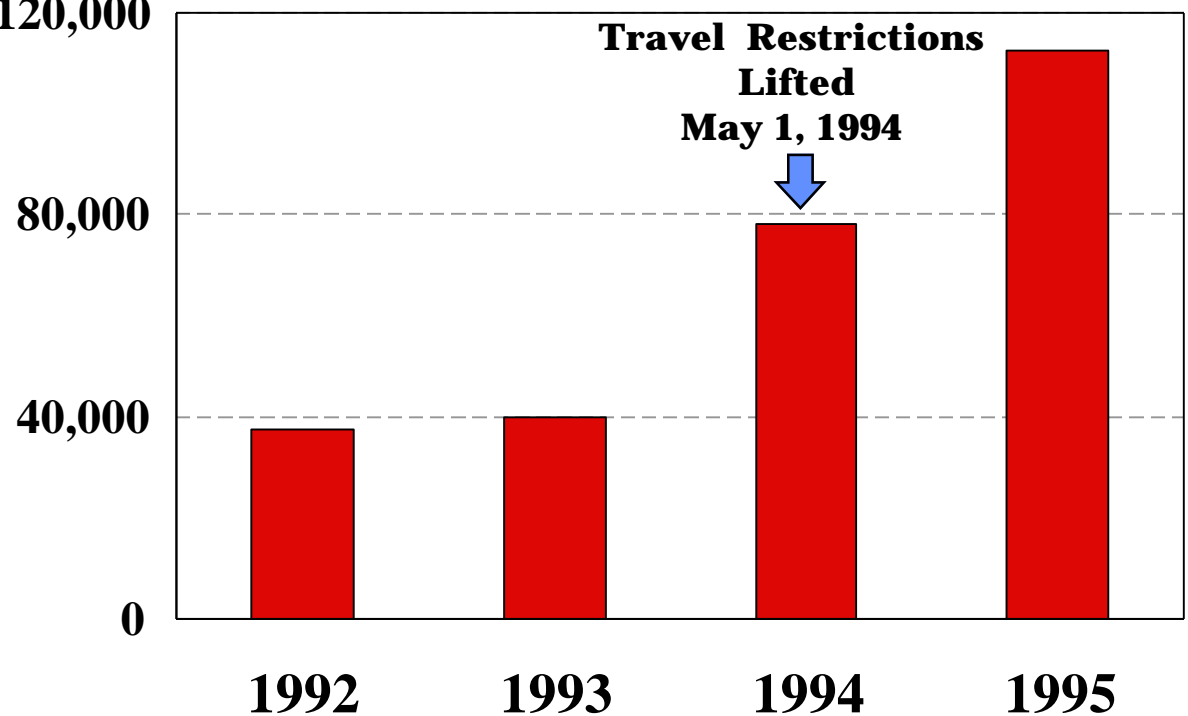
- **Program began on May 1, 1994.**
- **44,334 visitors in 12 months prior.**
- **86,801 visitors in 12 months after.**
- **Increase of 96% for the first 12 months.**



Source:
Canadian
Embassy,
Seoul,
Korea

... on an Annual Basis

- Experienced a **96% increase** from 1993 to 1994.
- And, another **44 % increase** from 1994 to 1995.



Source: Canadian Embassy, Seoul, Korea

Japan as a Model.....

- **Visa waivers were available for Japanese on December 15, 1988.**
- **Arrivals to the U.S. were 2.8 Mn in 1988.**
- **Growth of 16 percent in the first year or 450,000 additional arrivals.**
- **In the same year, Japanese visitor arrivals to Hawaii grew by 23% or 250,000 additional arrivals.**

Eliminating the Barrier: National Impact

- **Korean arrivals to US projected at 1 million in 1998 without the VWPP.**
- **Incremental growth could grow by 20% or 200,000 in the first year.**
- **Almost 1% increase to total overseas traveler count alone.**
- **New spending = \$400 million.**
- **New jobs = 10,000.**

Summary - Enormous Potential

- **Large population with significant earning power.**
- **Rapidly expanding economy.**
- **Outbound travel growing with economy.**
- **Pent-up demand and untapped potential due to visa barrier.**